



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

April 3, 2008

The Honorable Martha Fuller Clark, Chairman
Senate Energy, Environment and Economic Development Committee
7 Legislative Office Building, Room 102
Concord, NH 03301

Re: HB 295 relative to fuel quality standards and testing requirements for combustion of biomass and biomass fuel

Dear Chairman Fuller Clark and Members of the Committee:

The Department of Environmental Services (DES) is pleased to testify in support of amending House Bill 295, to clarify a provision of the Clean Energy Act passed last session (RSA Chapter 362:F) which established minimum standards for energy portfolios commonly referred to as a renewable portfolio standard (RPS). An RPS requires each supplier of electricity (i.e., Public Service Company of New Hampshire, Unitil, National Grid, and New Hampshire Electric Cooperative) to obtain renewable energy certificates for a certain percentage of the power (measured in megawatt hours, MWhrs) that they ultimately supply to customers. Each renewable energy certificate (REC) represents one MWh (or 1,000 kilowatt hours) of power generation from a renewable energy source such as biomass or wind.

The RPS bill was developed after an extensive stakeholder process that began with Senate Bill 314 in the 2006 Session and continued with House Bill 873 in the 2007 Session. Stakeholders included electric utilities, renewable energy producers (hydroelectric, solar, biomass, etc.), environmental interests, and implementing regulatory agencies. The Clean Energy Act represented a compromise which achieved general consensus among stakeholders.

During the entire stakeholder process, it was proposed that municipal electricity suppliers should be exempt from RPS requirements. It was felt that municipal systems should not have to incur the cost or administrative burden of this new requirement. Consistent with this decision, cost impacts developed by the University of New Hampshire's Whittemore School of Business and Economics excluded municipal systems. A definition of "provider of electricity" was developed that was intended to exempt municipal electricity suppliers. Upon passage of the Clean Power Act, the Attorney General's office reviewed the provision, in response to inquiries by municipal electricity suppliers, and determined that the definition for "provider of electricity" actually included municipal suppliers because of a reference to RSA 374-F:2, II. Therefore, we are supportive of changing the definition to explicitly exclude municipal electricity suppliers as intended.

Thank you for the opportunity to provide testimony. Should you have further questions or need additional information, please feel free to contact Robert R. Scott, Director, Air Resources Division (271-1088, robert.scott@des.nh.gov) or Joanne Morin, Climate and Energy Programs Manager (271-5552, joanne.morin@des.nh.gov).

Sincerely,


Thomas S. Burack
Commissioner

Cc: House Bill 295 Sponsors